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SUBJECT: Santiago Nov. 24 Media Report

Lead Story

¶1. The dollar exchange rate dropped to 492 pesos, the lowest in the last 16 months. Meanwhile, copper reached a new record of 3.15????, the highest since September 2008 (Conservative, influential El Mercurio, 11/24).

¶2.

U.S.-Related News

¶2. In his debut before the OAS Permanent Council, Assistant Secretary of State for Western Hemisphere Arturo Valenzuela said that although the presidential election in Honduras on Sunday "is consistent with the constitutional mandate to renew the President and Congress," "it is not enough" to bring democratic normality back to Honduras. Valenzuela also answered to Zelaya's accusation that the United States is being "ambiguous": "The United States and all OAS members reached the unanimous decision that the president-elect of Honduras had been removed from office by a coup. There is no other word to describe the abrupt and forced exile of a head of state," said Valenzuela (Conservative, influential El Mercurio, 11/24).

¶3. Assistant Secretary Valenzuela said that the United States would resort to international and U.S. observers to determine if the election in Honduras this Sunday developed in accordance to international standards. The Assistant Secretary said that regardless of what other countries believed, Washington would recognize Sunday's election. Valenzuela also called on the two parties to comply with the Tegucigalpa/San Jose agreement by setting up a unified government after the election and for Congress to vote on Zelaya's reinstatement. The absence of international observers to legitimize the election is one of the main problems that Micheletti is facing, which means that thus far there is no one to guarantee that the democratic process will develop in accordance to those international standards to which Valenzuela alluded. The position of the United States regarding Zelaya's reinstatement differs significantly from that in most OAS countries, which believe that although the San Jose agreement does not mandate Congress to reinstate Zelaya, his return to office is necessary. Thus far the United States and Panama are the only two governments that would validate the election (Government-owned La Nacion, 11/24).

Chile-Peru

¶4. In both Chile and Peru, there is consensus that the tension between the two countries has decreased. Chilean Foreign Minister Mariano Fernandez said there is now more "reason and serenity" and his Peruvian counterpart Jose Garcia Belaunde indicated, "We hope that the situation will start to clear up in the next days and that we will receive a satisfactory answer" (El Mercurio, 11/24).

¶5. Amid Peru's criticism over Chile's weapons acquisitions, the U.S. government notified Congress of a possible military sale to Peru of two used tank landing ships for approximately \$82 million (El Mercurio, 11/24).

¶6. Peruvian Foreign Minister Garcia Belaunde confirmed that Peru would not promote Jose Miguel Insulza's reelection to the OAS (El Mercurio, 11/24).

Environment

¶7. A Global Footprint Network study shows that Chile's "ecological footprint" - the amount of raw material produced versus how much of it is used per capita-- is 3.1 "global hectares"; The global average rate is 2.9. This raises concern regarding Chile's sustainability. The ecological footprint takes into account, among other elements, harvested lands, grazing, forests, land used for building, and food processing versus the energy used in these activities (Financial daily Diario Financiero, 11/24).

¶8. A Pricewater House Cooper study shows that Chile has one of the lowest rates of economic fraud in the world. The study included 3,000 CEOs in 54 countries. One third of those polled said they had encountered fraud in their companies over the last year versus one fifth in Chile. The territories with the highest economic fraud are Russia (71%), South Africa (62%), Kenya (57%), and Canada (56%); those with the least are Japan (10%), Hong Kong (13%), Holland (15%), Rumania (16%) and Chile (21%) (Conservative, independent La Tercera, 11/24).

¶9. Central Bank figures show that Chile's exports dropped 16% overall in the last quarter of this year, but increased 69% to China primarily due to copper exports (Diario Financiero, 11/24).

Terrorism

¶10. Undersecretary of Interior Patricio Rosende said the recent bomb threats in the city have coincided with the anarchist summit that took place in Santiago from November 16th to the 23rd (Government-owned La Nacion, 11/24).

SIMONS